25 July 2025

2QCY25 Results Update | Sector: Technology

Hexaware Technologies

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	HEXT IN
Equity Shares (m)	609
M.Cap.(INRb)/(USDb)	450.1 / 5.2
52-Week Range (INR)	900 / 590
1, 6, 12 Rel. Per (%)	-11/-/-
12M Avg Val (INR m)	1095
Free float (%)	25.4

Financials & Valuations (INR b)

Y/E Mar	CY25E	CY26E	CY27E
Sales	134.3	151.3	171.2
EBIT Margin (%)	13.4	15.0	15.3
PAT	14.5	17.0	19.6
EPS (INR)	23.5	27.5	31.8
EPS Gr. (%)	22.0	16.9	15.4
BV/Sh. (INR)	100.1	114.0	130.2
Ratios			
RoE (%)	25.4	26.1	26.4
RoCE (%)	20.2	25.0	29.0
Payout (%)	50.0	50.0	50.0
Valuations			
P/E (x)	31.4	26.9	23.3
P/BV (x)	7.4	6.5	5.7
EV/EBITDA (x)	20.0	15.8	13.3
Div Yield (%)	1.6	1.9	2.1

Shareholding pattern (%)

As On	Jun-25	Mar-25
Promoter	74.6	74.7
DII	9.9	9.1
FII	9.9	10.6
Others	5.6	5.7

FII Includes depository receipts

CMP: INR739 TP: INR930(+26%) Buy

Uncertain macros lead to a soft quarter

Margins hit by one offs

- Hexaware Technologies (HEXT) reported revenue of USD382m in 2QCY25, up 1.3% QoQ in CC terms vs. our estimate of 2.2% QoQ CC. Growth was led by Banking (up 13.5% QoQ), followed by Travel and Transportation (up 7.2% QoQ). Adj. EBIT margin at 14.1% (down 10bp QoQ) was broadly in line with our estimate of 14.3%. PAT rose 16.1%/38.3% QoQ/YoY to INR3.8b (above our est. of INR3.5b).
- For 2QCY25, HEXT's revenue/adj. EBIT/PAT grew 11.1%/26.8%/38.3% YoY in INR terms. We expect its revenue/EBIT/PAT to grow 9.7%/19.5%/22.2% YoY in 3QCY25.
- Amid a cautious demand environment, HEXT is gaining share through consolidation deals; also, pressures in large accounts appear to be tapering. Further, its improving margin trajectory bodes a good return profile for the company amongst peers. **We reiterate our BUY rating with a TP of INR930 (based on 32x Mar27E EPS), implying a 26% potential upside.**

Our view: Growth expectation lowered

- **Below-par performance amid elongated decision cycles:** HEXT delivered a modest 1.3% QoQ CC growth in what is typically its seasonally strongest quarter. While management expects 3Q to outpace 2Q, the impact of large deal wins is likely to be reflected with a lag. Macro softness persists, evident in slower client decision-making. Though growth expectations for the remainder of the year have been slightly moderated, HEXT continues to demonstrate strong execution capabilities. We forecast YoY CC growth of 8.2%/11.6% for CY25/CY26E.
- **Financial Services & Travel to lead growth ahead:** Banking and Travel & Transportation led growth in 2Q. While banking growth benefited from a benign 1Q base, the vertical is expected to grow in line with the company's average going forward. Notably, Financial Services (~30% of revenues), which had seen a slowdown over the past few quarters, is now poised to lead growth through the remainder of the year. In contrast, Manufacturing and Consumer are likely to remain muted due to macro pressures.
- **Deal pipeline velocity intact…:** HEXT continues to actively chase large consolidation opportunities, though conversion timelines are slightly stretched due to elongated decision-making cycles. That said, commentary around the steady progress in small- and mid-sized deals was encouraging.
- **…margin, however, takes a hit due to one-offs:** The reported EBITDA margin improved by 50bp QoQ, supported by a 100bp operational uptick (driven by better utilization and a favorable offshore mix), partially offset by currency headwinds and one-offs. The one-offs included headwinds such as restructuring costs (100bp), acquisition costs (40bp), provision for customer (240bp), and impairment on account of acquisition (120bp). Combined, the reported EBIT margin stood at 10.1%.
- ERP implementation costs, originally slated to end in 2QCY26, are ongoing but tapering. We also note that the offshore mix is improving and will be a key margin lever going forward. Management's reaffirmation of its EBITDA margin guidance at 17.1-17.4%, despite continued ERP costs, is encouraging.

Abhishek Pathak - Research Analyst (Abhishek.Pathak@MotilalOswal.com)

Research Analyst -Keval Bhagat (Keval.Bhagat@MotilalOswal.com) **Tushar Dhonde** (Tushar.Dhonde@MotilalOswal.com)

Valuation and changes to our estimates

- Amid a cautious demand environment, HEXT is gaining share through consolidation deals; also, pressures in large accounts appear to be tapering. Further, its improving margin trajectory bodes a good return profile for the company amongst peers. Our estimates are broadly unchanged. We expect a PAT CAGR of 16.1% over CY25-27E. **We reiterate our BUY rating with a TP of INR930 (based on 32x Mar27E EPS), implying a 26% potential upside.**

Miss on revenue but in-line margins; EBITDA guidance intact

- HEXT's USD revenue came in at USD382.1m; up 1.3% QoQ in CC terms vs. our estimates of an increase of 2.2% QoQ CC.
- Growth was led by Banking (up 13.5% QoQ), followed by Travel and Transportation (up 7.2% YoY). Healthcare & Insurance/Hi-tech & Professional services were up 2.1%/2.9% QoQ in USD terms.
- In terms of geographies, Europe was up 7.9% QoQ, and Asia Pacific grew 2.2% QoQ in USD terms.
- The reported EBIT margin stood at 10.1%. However, after adjusting for one-offs, including acquisition-related costs (INR128m), specific customer provisions (INR782m), and impairment of an earlier acquisition-linked customer contract (INR394m), the normalized EBIT margin was 14.1%, broadly in line with our estimate of 14.3%.
- The company maintains its EBITDA outlook of 17.1% - 17.4% given earlier, even with ERP costs continuing.
- PAT was up 16.1%/38.3% QoQ/YoY to INR3.8b (above our est. of INR3.5b).
- The headcount rose to 32,410 (up 2.6% QoQ) in 2QCY25. Attrition (LTM) decreased by 10bp QoQ to 11.1%. Utilization was up 160bp QoQ to 83.7%.

Key highlights from the management commentary

- Macro softness continues; the slowdown is seen as cyclical rather than AI-driven. While AI is creating a different impact, it hasn't yet become material.
- Decision-making has slowed, leading to lowered expectations for the rest of the year. If trade deals materialize in the next few weeks, it may lift some of the uncertainty.
- The acquisition of SMC was a key business development. The GCC model represents a significant growth opportunity, and SMC provides access to GCC-led spending.
- There is substantial demand for cloud services, including both migration and operations.
- Management expects 3Q to deliver stronger QoQ CC growth than 2Q. However, large deal wins will not reflect in 3Q results.
- The CY29 revenue ambition of USD3b remains unchanged.
- Financial Services (FS) and Travel & Transportation (T&T) are expected to drive growth.

Valuation and view

- Amid a cautious demand environment, HEXT is gaining share through consolidation deals; also, pressures in large accounts appear to be tapering. Further, its improving margin trajectory bodes a good return profile for the company amongst peers. Our estimates are broadly unchanged. We expect a PAT CAGR of 16.1% over CY25-27E. **We reiterate our BUY rating with a TP of INR930 (based on 32x Mar27E EPS), implying a 26% potential upside.**

Quarterly Performance

(INR m)

Y/E March	CY24				CY25E				CY24	CY25E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QCY25	(% / bp)
Revenue (USD m)	**331**	**352**	**374**	**372**	**372**	**382**	**397**	**407**	**1,429**	**1,557**	**384**	**-0.6**
QoQ (%)	5.3	6.4	6.4	-0.5	-0.2	2.9	3.8	2.5			3.5	-65bp
Revenue (INR m)	**27,488**	**29,355**	**31,357**	**31,544**	**32,079**	**32,607**	**34,401**	**35,261**	**1,19,744**	**1,34,347**	**32,898**	**-0.9**
YoY (%)	9.6	12.7	18.3	20.6	16.7	11.1	9.7	11.8		12.2	12.1	-99bp
GPM (%)	**41.4**	**41.2**	**42.3**	**42.3**	**41.9**	**41.5**	**42.0**	**42.0**	**41.8**	**41.9**	**42.0**	**-51bp**
Other (%)	26.2	26.6	26.6	26.8	25.5	29.1	25.2	25.0	26.6	26.2	25.5	359bp
EBITDA	**4,176**	**4,311**	**4,911**	**4,904**	**5,278**	**4,044**	**5,779**	**5,994**	**18,302**	**21,096**	**5,428**	**-25.5**
EBITDA Margin (%)	**15.2**	**14.7**	**15.7**	**15.5**	**16.5**	**12.4**	**16.8**	**17.0**	**15.3**	**15.7**	**16.5**	**-410bp**
EBIT	**3,576**	**3,624**	**4,173**	**4,141**	**4,543**	**3,292**	**4,988**	**5,183**	**15,514**	**18,006**	**4,704**	**-30.0**
EBIT Margin (%)	**13.0**	**12.3**	**13.3**	**13.1**	**14.2**	**10.1**	**14.5**	**14.7**	**13.0**	**13.4**	**14.3**	**-420bp**
Other income	2	172	-114	29	-180	1,391	-103	-106	89	1,002	33	4128.3
PBT	**3,578**	**3,796**	**4,059**	**4,170**	**4,363**	**4,683**	**4,885**	**5,078**	**15,603**	**19,008**	**4,737**	
ETR (%)	22.0	27.7	26.2	23.1	25.0	18.9	25.0	25.0	24.8	23.5	25.0	-608bp
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	
Reported PAT	**2,790**	**2,746**	**2,997**	**3,207**	**3,271**	**3,797**	**3,664**	**3,808**	**11,740**	**14,540**	**3,553**	**6.9**
QoQ (%)	45.8	-1.6	9.1	7.0	2.0	16.1	-3.5	3.9			8.6	
YoY (%)	NA	NA	NA	67.6	17.2	38.3	22.2	18.7	17.7	23.8	NA	
Extra-ordinary items	0	0	0	0	0	0	0	0	0	0	0	
Adj. PAT	**2,790**	**2,746**	**2,997**	**3,207**	**3,271**	**3,797**	**3,664**	**3,808**	**11,740**	**14,540**	**3,553**	
EPS (INR)	**4.6**	**4.5**	**5.0**	**5.2**	**5.3**	**6.2**	**5.9**	**6.2**	**19.3**	**23.5**	**5.7**	**7.0**

Exhibit 1: Banking and T&T led growth in 2Q

Verticals (QoQ, %)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25
Financial Services	8.6	5.2	5.8	3.4	4.6	1.2
Healthcare and Insurance	3.1	6.3	8.5	-2.3	-1.5	2.2
Manufacturing and Consumer	4.0	7.2	-4.4	-6.9	0.2	-0.7
Hi-Tech and Professional Services	7.9	9.2	15.9	1.3	-5.4	2.7
Banking	3.7	4.2	0.0	6.5	-11.4	13.5
Travel and Transportation	-0.9	6.3	14.2	-7.5	9.2	7.1

Source: Company, MOFSL

Exhibit 2: Europe showed improvement in 2Q

Geography (QoQ, %)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25
America	5.4	9.1	5.5	2.3	0.5	1.7
Europe	4.8	-4.2	13.3	-9.6	-2.2	8.0
APAC	5.1	11.4	-3.7	-4.0	-2.9	2.1

Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Performance and demand outlook: 2QCY25

- Macro softness continues; the slowdown is seen as cyclical rather than AI-driven. While AI is creating a different impact, it hasn't yet become material.
- Decision-making has slowed, leading to lowered expectations for the rest of the year. If trade deals materialize in the next few weeks, it may lift some of the uncertainty.
- The company is winning both large and small logos with scale potential.
- The acquisition of SMC was a key business development. The GCC (Global Capability Center) model represents a significant growth opportunity, and SMC provides access to GCC-led spending.
- There is substantial demand for cloud services, including both migration and operations.
- The quarter was softer than anticipated due to delayed decision-making. Revenue grew 1.3% QoQ in CC terms.
- Management expects 3Q to deliver stronger QoQ CC growth than 2Q. However, large deal wins will not reflect in 3Q results.
- 4Q performance remains dependent on deal conversions from the pipeline.
- The CY29 revenue ambition of USD3b remains unchanged.
- Financial Services (FS) and Travel & Transportation (T&T) are expected to drive growth.
- Large consolidation deals are still in progress (four in the pipeline). Margins may be impacted if pricing needs to be competitive.
- Small and mid-sized deals are progressing well. The overall pipeline remains strong, with rapid growth in strategic initiatives.
- No additional negatives reported in GSE accounts. One account is undergoing consolidation, and ramp-ups are in progress in the other.
- **Financial Services**: One large client cut spending, impacting the vertical. This represents a 1% headwind for the company and 3–4% for FS (called out in the previous quarter), but FS is still expected to lead full-year growth.
- **Manufacturing and Consumer (M&C):** Continued macro-related weakness is delaying decisions. Growth is expected in future quarters.
- **APAC:** Strong pipeline in the Middle East; revenue expected to start flowing from 4Q. Plans to expand presence in India. Region expected to show growth going forward.
- Utilization improved due to stronger operational performance and is expected to remain range-bound at 83–84%.
- Headcount is expected to grow. Onshore-offshore mix is improving in favor of offshore.
- **SMC acquisition:** Acquired SMC, a leader in setting up Global Capability Centers (30+ GCCs in the last decade). The acquisition is capability-led and EPS-accretive from day one.
- SMC reported USD22m in CY24 revenue. Deal consideration was USD90m (all cash).
- Customers prefer specialist players for GCCs over traditional vendor-based BOT models.

- HEXT plans to differentiate by transforming GCC operations using AI and platform-led delivery. The company may consider using the balance sheet to scale if a compelling opportunity arises.
- Strategic rationale is to build a “GCC 2.0” service line, combining SMC’s deep GCC expertise with HEXT’s transformation capabilities.

Margin performance and outlook

- **Reported EBITDA Margin:** 17.2% (up 50bp QoQ), operational improvements (utilization and calendar) contributed +100bp, while currency and one-offs had 35bp & 15bp impact, respectively.
- ERP implementation costs, expected to end in 2Q, are continuing but tapering. The ERP program is being rolled out in phases, expected to go live across all modules by CY25-end.
- **One-offs:** Reversal of Softcrylic earnout (INR1,597m) is reflected in other income. Impairment charges on acquired assets (INR394m) are recorded under other expenses—both are one-offs. Provision of USD9m (INR782m) made for a European client who acted in bad faith; legal recovery is ongoing. No further provisions are expected for this client. Restructuring costs of USD3.4m were booked in the EBE segment, with ROI expected from 4Q and 1QCY26. The payback period is estimated to be under a year.
- ETR for the year is expected at ~24.5%, slightly lower than the prior guidance of 25–26%. ETR for the quarter was 19% due to non-taxable M&A charges.
- Maintains EBITDA guidance of 17.1–17.4% despite continued ERP costs. Several one-offs have created short-term variability.
- LTM OCF to EBITDA target remains at 70%.
- Merit-based salary increases to be implemented from July 1, with a moderate approach compared to previous cycles.

Valuation and view

- Amid a cautious demand environment, HEXT is gaining share through consolidation deals; also, pressures in large accounts appear to be tapering. Further, its improving margin trajectory bodes a good return profile for the company amongst peers. Our estimates are broadly unchanged. We expect a PAT CAGR of 16.1% over CY25-27E. **We reiterate our BUY rating with a TP of INR930 (based on 32x Mar27E EPS), implying a 26% potential upside.**

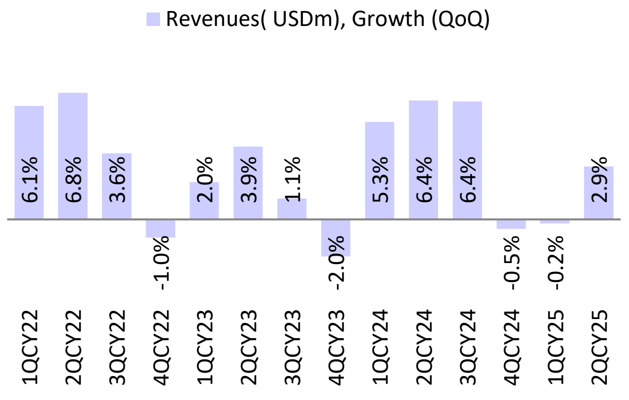
Exhibit 3: Revisions to our estimates

	Revised			Earlier			Change		
	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E
INR/USD	86.3	86.7	86.7	86.3	86.7	86.7	-0.1%	0.0%	0.0%
USD Revenue (m)	1,557	1,745	1,974	1,584	1,798	2,034	-1.7%	-3.0%	-3.0%
Growth (%)	9.0	12.1	13.1	10.8	13.5	13.1	-190bp	-150bp	0bp
EBIT margin (%)	13.4	15.0	15.3	14.6	15.0	15.3	-120bp	0bp	0bp
PAT (INR b)	14,540	16,993	19,603	14,954	17,628	20,333	-2.8%	-3.6%	-3.6%
EPS	23.5	27.5	31.8	24.2	28.5	32.9	-2.7%	-3.5%	-3.4%

Source: MOFSL

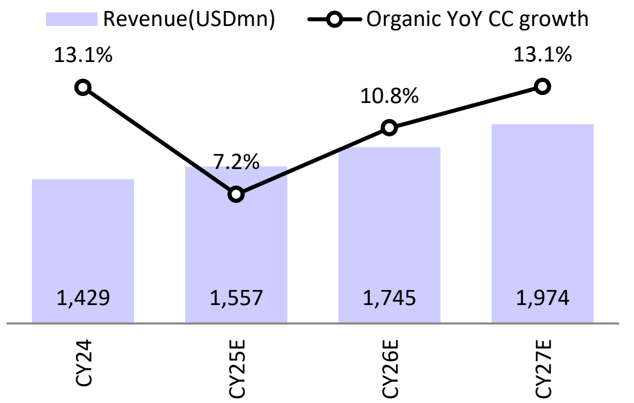
Story in charts

Exhibit 4: Revenue grew 2.9% QoQ; however, it was below expectations



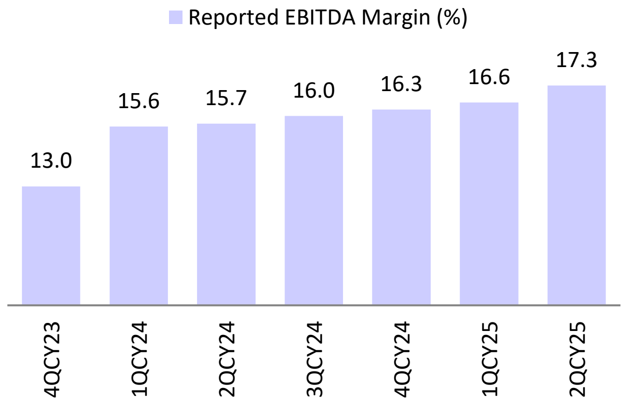
Source: Company, MOFSL

Exhibit 5: Expects revenue to grow 10.8% organically in CY26



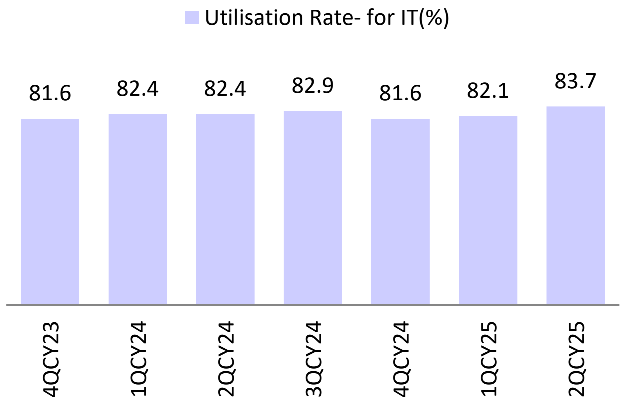
Source: Company, MOFSL

Exhibit 6: Reported EBITDA margin improved 50bp QoQ



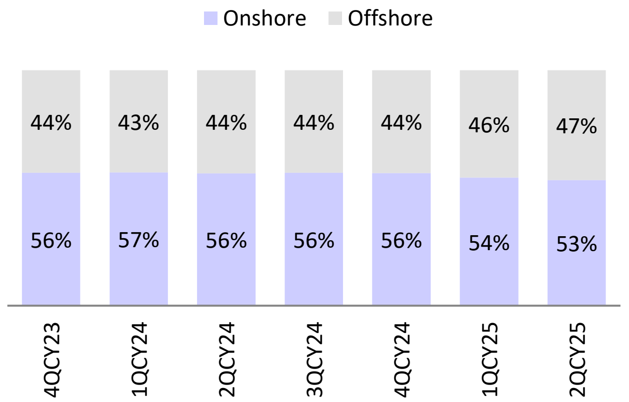
Source: Company, MOFSL

Exhibit 7: Utilization improved 160bp QoQ



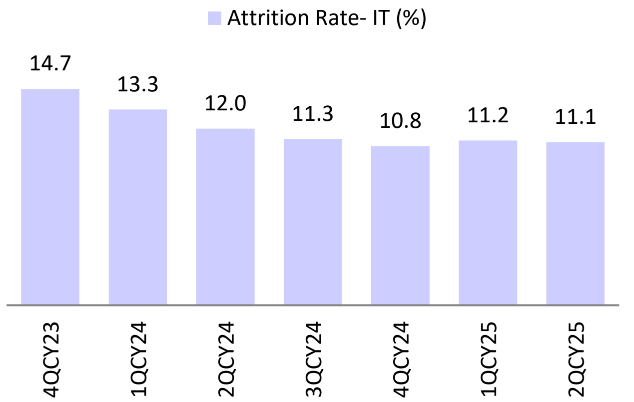
Source: Company, MOFSL

Exhibit 8: The offshore mix is improving sequentially



Source: Company, MOFSL

Exhibit 9: The attrition rate has remained low over the past few quarters



Source: Company, MOFSL

Operating metrics

Exhibit 10: Operating metrics

	4QCY23	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25
Revenue by Verticals (%)							
Financial Services	27.6%	28.5%	28.2%	28.0%	29.1%	30.5%	30.0%
Healthcare and Insurance	21.5%	21.1%	21.0%	21.5%	21.1%	20.8%	20.7%
Manufacturing and Consumer	17.7%	17.5%	17.6%	15.9%	14.8%	14.9%	14.4%
Hi-Tech and Professional Services	15.7%	16.1%	16.5%	18.0%	18.3%	17.3%	17.3%
Banking	9.1%	8.9%	8.7%	8.2%	8.8%	7.8%	8.6%
Travel and Transportation	8.4%	7.9%	7.9%	8.5%	7.9%	8.6%	9.0%
Revenue - Geography (%)							
America	72.2%	72.3%	74.2%	73.6%	75.6%	76.1%	75.3%
Europe	21.4%	21.3%	19.2%	20.5%	18.6%	18.2%	19.1%
APAC	6.3%	6.3%	6.6%	6.0%	5.8%	5.6%	5.6%
Revenue Mix- IT, BPS, and Others							
IT Services	85.5%	84.1%	84.2%	84.9%	84.3%	84.8%	85.8%
BPS	12.9%	12.4%	12.7%	12.2%	12.9%	12.4%	12.2%
Others	1.7%	3.5%	3.2%	2.9%	2.8%	2.8%	2.0%
Client Profile							
>1m	171	178	177	186	186	195	197
>5m	54	53	56	59	61	66	66
>10m	29	29	30	31	31	30	31
>20m	11	13	14	15	15	15	15
>50m	3	3	3	3	3	3	4
>75m	2	2	3	3	3	3	3
Total Headcount	**28,292**	**30,135**	**31,870**	**32,536**	**32,309**	**31,564**	**32,410**
Utilisation Rate- for IT	81.6%	82.4%	82.4%	82.9%	81.6%	82.1%	83.7%
Attrition Rate- IT	14.7%	13.3%	12.0%	11.3%	10.8%	11.2%	11.1%
DSO(Billed)	**49**	**40**	**42**	**40**	**38**	**39**	**40**

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement							(INR m)
Y/E March	**CY21**	**CY22**	**CY23**	**CY24**	**CY25E**	**CY26E**	**CY27E**
Total Income from Operations	**71,777**	**91,996**	**1,03,803**	**1,19,744**	**1,34,347**	**1,51,327**	**1,71,210**
Change (%)	14.6	28.2	12.8	15.4	12.2	12.6	13.1
Employees Cost	42,772	55,582	61,282	69,649	78,103	87,055	98,333
Total Expenditure	**42,772**	**55,582**	**61,282**	**69,649**	**78,103**	**87,055**	**98,333**
% of Sales	59.6	60.4	59.0	58.2	58.1	57.5	57.4
Gross Profit	**29,005**	**36,414**	**42,521**	**50,095**	**56,244**	**64,272**	**72,877**
SG&A	17,676	24,197	26,710	31,793	35,148	38,135	42,803
EBITDA	**11,329**	**12,217**	**15,811**	**18,302**	**21,096**	**26,138**	**30,075**
% of Sales	15.8	13.3	15.2	15.3	15.7	17.3	17.6
Depreciation	2,241	2,444	2,836	2,788	3,089	3,481	3,938
EBIT	**9,088**	**9,773**	**12,975**	**15,514**	**18,006**	**22,657**	**26,137**
% of Sales	12.7	10.6	12.5	13.0	13.4	15.0	15.3
Other Income	324	1,457	-290	89	1,002	0	0
PBT	**9,412**	**11,230**	**12,685**	**15,603**	**19,008**	**22,657**	**26,137**
Total Tax	1,924	2,388	2,709	3,863	4,469	5,664	6,534
Tax Rate (%)	20.4	21.3	21.4	24.8	23.5	25.0	25.0
Reported PAT	**7,488**	**8,842**	**9,976**	**11,740**	**14,540**	**16,993**	**19,603**
Change (%)	26.0	18.1	12.8	17.7	23.8	16.9	15.4
Margin (%)	10.4	9.6	9.6	9.8	10.8	11.2	11.4
Minority Interest	0	0	0	0	0	0	0
Adjusted PAT	**7,488**	**8,842**	**9,976**	**11,740**	**14,540**	**16,993**	**19,603**
Tax Rate (%)	26.0	18.1	12.8	17.7	23.8	16.9	15.4

Consolidated - Balance Sheet							(INR m)
Y/E March	**CY21**	**CY22**	**CY23**	**CY24**	**CY25E**	**CY26E**	**CY27E**
Equity Share Capital	603	604	607	608	608	608	608
Total Reserves	37,276	40,626	45,745	52,961	60,231	68,727	78,529
Net Worth	**37,879**	**41,230**	**46,352**	**53,569**	**60,839**	**69,335**	**79,137**
Minority Interest	0	0	0	-23	-23	-23	-23
Borrowings	0	0	0	0	0	0	0
Other Long term liabilities	4,328	4,363	4,111	7,678	7,949	8,264	8,633
Capital Employed	**42,207**	**45,593**	**50,463**	**61,224**	**68,765**	**77,577**	**87,747**
Net Fixed Assets	**9,964**	**9,863**	**9,018**	**10,358**	**9,841**	**9,259**	**8,599**
Goodwill	12,252	14,205	14,290	23,871	23,871	23,871	23,871
Capital WIP	121	63	552	1,308	1,308	1,308	1,308
Other Assets	5,075	6,490	6,144	8,897	8,990	9,098	9,224
Curr. Assets, Loans&Adv.	**29,323**	**34,519**	**42,017**	**45,511**	**52,687**	**62,789**	**74,595**
Account Receivables	13,669	18,818	18,458	19,755	20,980	20,730	21,108
Cash and Bank Balance	11,787	12,916	17,734	19,766	25,908	36,260	47,688
Current Investments	2,010	291	2,724	711	711	711	711
Other Current Assets	1,857	2,494	3,101	5,279	5,088	5,088	5,088
Curr. Liability & Prov.	**14,528**	**19,547**	**21,558**	**28,721**	**27,932**	**28,747**	**29,850**
Account Payables	3,877	5,357	6,595	9,140	8,559	9,540	10,776
Other Current Liabilities	9,227	12,369	12,676	17,165	16,957	16,791	16,658
Provisions	1,424	1,821	2,287	2,416	2,416	2,416	2,416
Net Current Assets	**14,795**	**14,972**	**20,459**	**16,790**	**24,755**	**34,041**	**44,745**
Appl. of Funds	**42,207**	**45,593**	**50,463**	**61,224**	**68,765**	**77,577**	**87,747**

Financials and valuations

Ratios

Y/E March	CY21	CY22	CY23	CY24	CY25E	CY26E	CY27E
Basic EPS (INR)	12.3	14.5	16.4	19.3	23.5	27.5	31.8
Cash EPS	16.0	18.5	21.1	23.9	28.5	33.2	38.1
BV/Share	62.8	68.3	76.4	88.1	100.1	114.0	130.2
DPS	4.0	11.0	8.8	8.7	11.8	13.8	15.9
Payout (%)	32.5	75.7	53.3	45.3	50.0	50.0	50.0
Valuation (x)							
P/E	60.0	50.9	45.1	38.3	31.4	26.9	23.3
Cash P/E	46.2	39.9	35.1	31.0	25.9	22.3	19.4
P/BV	11.8	10.8	9.7	8.4	7.4	6.5	5.7
EV/Sales	6.0	4.7	4.1	3.6	3.1	2.7	2.3
EV/EBITDA	38.1	35.4	26.7	23.4	20.0	15.8	13.3
Dividend Yield (%)	0.5	1.5	1.2	1.2	1.6	1.9	2.1
Return Ratios (%)							
RoE	39.5	22.4	22.8	23.5	25.4	26.1	26.4
RoCE	17.1	16.6	20.4	19.9	20.2	25.0	29.0

Consolidated - Cash Flow Statement (INR m)

Y/E March	CY21	CY22	CY23	CY24	CY25E	CY26E	CY27E
OP/(Loss) before Tax	9,412	11,230	12,685	15,603	19,008	22,657	26,137
Depreciation	2,241	2,444	2,836	2,788	3,089	3,481	3,938
Interest & Finance Charges	315	322	315	284	-1,002	0	0
Direct Taxes Paid	-2,019	-2,435	-2,579	-3,122	-4,469	-5,664	-6,534
(Inc)/Dec in WC	-1,580	-3,824	1,223	-628	-1,615	1,231	858
Others	1,429	469	676	555	0	0	0
CF from Operations	**9,798**	**8,206**	**15,156**	**15,480**	**15,012**	**21,705**	**24,398**
(Inc)/Dec in FA	-1,084	-1,190	-634	-1,312	-2,573	-2,898	-3,279
Free Cash Flow	**8,714**	**7,016**	**14,522**	**14,168**	**12,439**	**18,807**	**21,120**
(Pur)/Sale of Investments	3,408	9,054	3,778	19,696	0	0	0
Others	-4,570	-8,015	-6,140	-25,074	909	-108	-126
CF from Investments	**-2,246**	**-151**	**-2,996**	**-6,690**	**-1,663**	**-3,006**	**-3,405**
Issue of Shares	3	1	3	1	0	0	0
Inc/(Dec) in Debt	-2,858	-59	-1,870	-1,370	63	149	236
Interest Paid	-65	-56	-136	-136	0	0	0
Dividend Paid	-2,409	-6,637	-5,308	-5,314	-7,270	-8,497	-9,801
Others	-691	-460	-190	0	0	0	0
CF from Fin. Activity	**-6,020**	**-7,211**	**-7,501**	**-6,819**	**-7,207**	**-8,348**	**-9,565**
Inc/Dec of Cash	**1,532**	**844**	**4,659**	**1,971**	**6,142**	**10,352**	**11,428**
Forex Adjustment	141	285	159	61	0	0	0
Opening Balance	10,114	11,787	12,916	17,734	19,766	25,908	36,260
Closing Balance	**11,787**	**12,916**	**17,734**	**19,766**	**25,908**	**36,260**	**47,688**

N O T E S

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

.

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

****

The associates of MOFSL may have:

financial interest in the subject company
actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
received compensation/other benefits from the subject company in the past 12 months
any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
Served subject company as its clients during twelve months preceding the date of distribution of the research report.
The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.